



Director of
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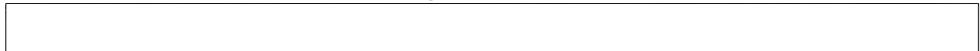
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Contents

Suriname-Libya: Establishing Ties 1



USSR-China: Trade Agreement 3



Algeria: Regional Initiatives 7

Finland: Conservatives May Join Government 8

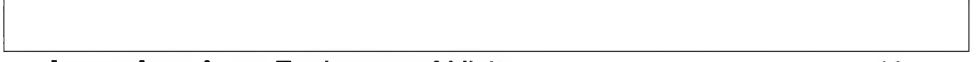


USSR-Nicaragua: Drydock Delivery 10

Grenada: Anti-US Statements 10



Australia: Defense Procurement 11



Japan-Iran-Iraq: Exchange of Visits 12

Special Analysis

Poland: New Signs of Defiance 13

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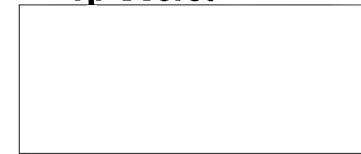
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18 March 1983

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**SURINAME-LIBYA: Establishing Ties**

Army Commander Bouterse apparently believes his interests are best served by expanding ties with Libya and other radical regimes, and his attacks on the West probably will become more strident. [redacted]

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Bouterse's visit to Libya earlier this week concluded with an agreement to develop "political relations" and economic cooperation. In the communique, Bouterse pledged full solidarity with Libya, while condemning US naval activity in the Gulf of Sidra and US intervention in Latin America. [redacted]

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Both nations attacked the Netherlands for suspending its development aid to Suriname and expressed solidarity with Cuba, Nicaragua, and Grenada. Meanwhile, Suriname's government-controlled newspaper has charged that the recent visit to Washington of Dutch Prime Minister Lubbers is evidence of a US-Dutch conspiracy against the Bouterse regime. [redacted]

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The Surinamese leader visited several Libyan military facilities and held lengthy talks with Libyan leader Qadhafi. According to press accounts, Bouterse expressed interest in learning more about Qadhafi's political system. [redacted]

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Comment: Bouterse is likely to have been primarily interested in securing economic aid from Libya, although he also may have requested Tripoli's help in obtaining arms and military supplies. The Army Commander probably was impressed by the extent of Qadhafi's political control and may now view him as a model. In addition, he may be inspired by Qadhafi's example to attack the US more boldly.

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Qadhafi believes Suriname offers another opportunity to undercut the US. He is likely to promise financial support and small-scale military aid, but Suriname, like Grenada, may encounter difficulty in persuading the Libyans to carry out their pledges. [redacted]

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USSR-CHINA: Trade Agreement

The Sino-Soviet trade agreement signed last week, which reportedly calls for an increase in trade of over 150 percent this year, is further evidence of gradually improving relations. [redacted]

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[redacted] trade volume is to increase to \$800 million in 1983, the highest level since the early 1960s. [redacted]

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TASS reported on Wednesday that Chinese Deputy Foreign Minister Qian Qichen and his delegation to the political "consultations" in Moscow had arrived in Tashkent on a four-day visit to Soviet Central Asia. On the previous day the two sides had met for the fifth time during the current round of talks in Moscow. [redacted]

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The deputy director of China's main institute for Soviet studies claims that *Izvestiya* commentator Bovin, while in Beijing last month, suggested that the Chinese and Mongolians sign a nonaggression treaty and hinted that this could lead to a withdrawal of some Soviet troops. The Chinese responded that this was a step they "could not possibly undertake" while Soviet forces remain in Mongolia. [redacted]

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Comment: The Soviets apparently made some concessions in order to increase bilateral trade. Much of the increase reportedly will come from larger Soviet purchases of textiles, which Moscow may see as a means of encouraging Beijing's dispute with Washington over restrictions on Chinese textile exports. Moscow also probably agreed to make a greater effort to fill Beijing's orders for timber, other raw materials, and chemicals—items the USSR has been able to sell for hard currency. [redacted]

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The pattern of the first round of political talks in Beijing suggests the current round in Moscow has merely recessed. Press reports that progress has been made toward a mutual reduction of forces along the common border remain unconfirmed. Bovin's reported comment on Mongolia, however, is another indication that Moscow plans an initiative on security issues. [redacted]

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Next 3 Page(s) In Document Denied

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ALGERIA: Regional Initiatives

Algerian President Bendjedid plans to meet this weekend with Tunisian President Bourguiba as part of his more active efforts to promote stability in North Africa. [redacted]

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The meeting will cap a series of high-level exchanges aimed at increasing bilateral cooperation. The two leaders reportedly will sign a border agreement and discuss regional developments, including the Moroccan-Algerian summit last month and Libyan machinations. [redacted]

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Bendjedid's new policy is intended to promote a more stable regional environment so that Algeria can concentrate on internal development and pursue advantageous economic projects with neighbors. It also is intended to reduce opportunities for Libyan troublemaking and superpower involvement in the area. [redacted]

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Comment: A stronger Algerian commitment to Tunis could help deter Libya from meddling in Tunisian affairs. Any Algerian initiatives toward Morocco will be complicated by the historical rivalry between the two countries and their deep divisions over Western Sahara. [redacted]

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Algeria is basically interested in the benefits of improved bilateral ties with Morocco, which have been disrupted since 1976 by the Saharan dispute. Although Algiers shows no signs of compromising its fundamental commitment to the Polisario, Bendjedid seems to see a revival of negotiations with Rabat as a necessary step toward separating the dispute from his other objectives. [redacted]

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FINLAND: Conservatives May Join Government

Expected gains by the Conservative Party in the parliamentary election on Sunday and Monday could bring it into the government for the first time since 1966, which almost certainly would keep the divided Communist-front party on the sidelines. [redacted]

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Prime Minister Sorsa, a Social Democrat, heads the coalition of the Social Democratic Party, the agrarian-based Center Party, the Liberal People's Party, and the moderate Swedish People's Party. The Communist-front People's Democratic League left the government in December, refusing to agree to increase the defense budget for 1983. The Conservative Party has been shunned by the other parties because of concern that the Soviets may consider it unreliable in carrying on the policy of cooperation with Moscow.

[redacted] 25X1

Recent polls indicate both the Social Democrats and the Conservatives will make gains in the election, while support for the People's Democratic League will decline. According to the latest poll, Conservative popularity has approached that of the Social Democrats, with both parties standing at about 26 percent.

[redacted] 25X1

Comment: The Conservative Party appears to have largely dispelled its reputation as a party of the unreconstructed right. The party has worked hard to demonstrate its support of the established foreign policy and to improve its relations with the Soviets. Moscow has avoided commenting on the campaign, probably because its attacks on the Conservatives improved their showing in the parliamentary election in 1979.

[redacted] 25X1

If the Conservatives make big gains, it will be difficult for the other parties to exclude them from the government. With the Conservatives sharing power, economic policy could shift slightly to the right, but there probably would not be a major departure from the traditional foreign policy line. If the Conservative showing is weaker than the polls indicate, however, Finnish leaders would be likely to continue the current center-left coalition.

[redacted] 25X1

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USSR-NICARAGUA: Drydock Delivery

The USSR will provide Nicaragua with a drydock this June under a technical cooperation agreement, according to a Nicaraguan Government announcement. Soviet technicians will install the drydock at San Juan del Sur near the Nicaraguan-Costa Rican border.

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Comment: Both Soviet and Nicaraguan fishing ships probably will use the facility for repairs.

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Soviet warships, however, currently do not operate in this part of the Pacific.

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grenada: Anti-US Statements

Speeches last weekend by Prime Minister Bishop and Deputy Prime Minister Coard observing the fourth anniversary of the revolution focused almost exclusively on what they call the "grave threat" posed by the US. Responding to recent statements by senior US officials about the expanding Cuban and Soviet military support for Grenada, Bishop called for the mobilization of his militia to defend against an impending US attack. Coard also urged Grenadians to be more vigilant against counterrevolutionary activity.

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Comment: Bishop's response is a familiar propaganda theme. The campaign to stir up war hysteria serves as a pretext for clamping down on political opponents, and it also can be used to justify increased military support from Cuba and the USSR. Bishop's emphasis on the need for all Grenadians to be able to use weapons for repelling invaders also suggests he will move ahead with his militarization program.

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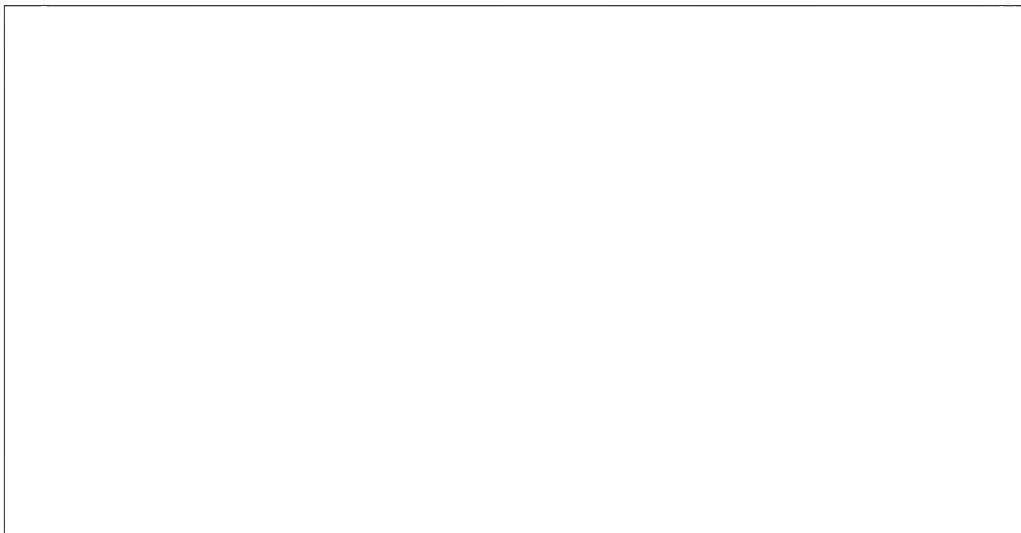
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AUSTRALIA: Defense Procurement

The new Labor government has rejected all plans for acquiring an aircraft carrier, because of the high cost. Defense Minister Scholes says that Australia's only aircraft carrier, the Melbourne, will be sold or scrapped and that Canberra is not interested in leasing the Hermes from the UK as a stopgap measure.

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Comment: The Labor Party opposed the purchase even before the election. The government of Prime Minister Hawke is reviewing defense policy and intends to emphasize continental defense based on a balanced force of submarines, surface vessels, and reconnaissance and strike aircraft. Canberra will examine the use of smaller frigates armed with advanced antiship missiles. Hawke has announced Australia will honor the former government's commitment to purchase 75 F/A-18A fighters from the US by 1989.

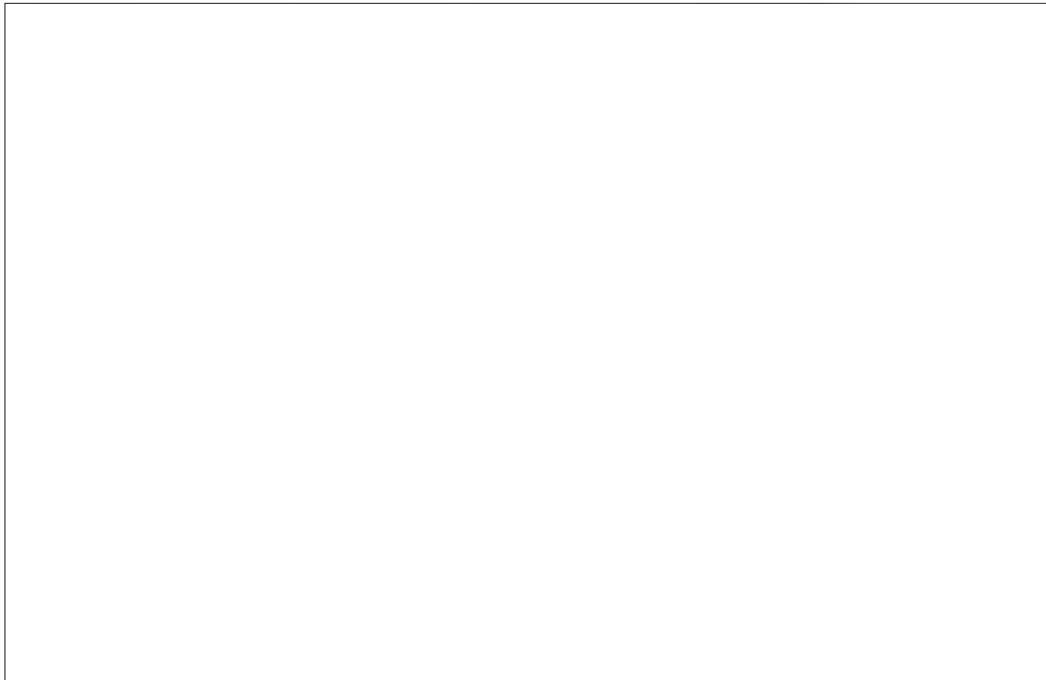
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JAPAN-IRAN-IRAQ: Exchange of Visits

The Japanese Government has invited an Iranian Vice Minister of Foreign Affairs to visit Tokyo in May or early June. A Japanese Ministry of Foreign Affairs official visited Iran last fall, and the US Embassy says Tokyo anticipates a visit by Foreign Minister Abe to Iran and Iraq, possibly in early summer. The Japanese also are expecting a visit by a cabinet-level delegation from Iraq to discuss Baghdad's problems in financing bilateral trade. They hope these visits, particularly those of Foreign Minister Abe, will enable Japan to become a channel between Iran and the West and possibly an intermediary between Iraq and Iran.

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Comment: Japan also is putting itself in a position to expand economic relations with both countries when the war ends. Topics of discussion with the Iranian Vice Minister probably will include technological cooperation and assistance, long-term Japanese purchases of Iranian crude oil, and Japan's petrochemical project in Iran.

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